

ASSEMBLY BILL

No. 7

Introduced by Assembly Member Krekorian

December 1, 2008

An act to amend Sections 84503, 84504 , 84506, and 84508 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 7, as introduced, Krekorian. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 requires any committee that supports or opposes one or more ballot measures to name and identify itself using a name or phrase that clearly identifies the economic or other special interest of major donors of \$50,000 or more in any reference to the committee required by law, including the statement of organization filed by the committee. The act also requires a committee that supports or opposes a ballot measure to print or broadcast its name as part of any advertisement or other paid public statement.

This bill would additionally require a committee that supports or opposes one or more ballot measures to list each major donor of \$50,000 or more in descending order based on the amount of the contributions made by the donors to the committee in any reference to the committee required by law. A committee that supports or opposes a ballot measure also would be required to print or broadcast the names of the 3 donors who made the highest cumulative contributions of \$50,000 or more to the committee. The bill also would require a donor that is a committee other than a candidate-controlled committee to be identified by the names of 3 donors who made the highest cumulative contributions of \$50,000 or more to that donor committee.

(2) The act requires a broadcast or mass mailing advertisement supporting or opposing a candidate or ballot measure, if paid for by an independent expenditure, to include a disclosure statement that identifies the name of the committee making the independent expenditure and the names of the persons from whom the committee making the independent expenditure has received its 2 highest cumulative contributions of \$50,000 or more during the 12-month period prior to the expenditure. However, if the committee is able to show that contributions from those 2 highest cumulative contributions were spent for other purposes, then the act requires the committee to disclose the names of the contributors making the next largest cumulative contributions of \$50,000 or more. A violation of the act is subject to criminal penalties.

The bill would require a broadcast or mass mailing paid for by independent expenditure to identify the names of the persons from whom the committee making the independent expenditure has received its 3, rather than 2, highest cumulative contributions of \$50,000 or more during the 12-month period prior to expenditure and if one of those persons is a committee other than a candidate-controlled committee, then to identify that other committee by the names of the 3 donors who made the highest cumulative contributions of \$50,000 or more to that committee. The committee paying for the broadcast or mass mailing advertisement would be required to disclose the names of the contributors making the next largest cumulative contributions of \$50,000 or more, if it can show that the contributions from the 3 donors who made the highest cumulative contributions of \$50,000 or more, rather than the 2 highest contributors, to the committee were spent for purposes other than the broadcast or mass mailing advertisement. The bill also would require a broadcast or mass mailing advertisement supporting or opposing a candidate or ballot measure that is paid for by an independent expenditure to include a statement or phrase that clearly identifies the economic or other special interest of the major donors of \$50,000 or more, listing the economic or other special interest in descending order based on the amount of contributions made by the respective donor to the committee.

(3) The bill also would make conforming changes regarding the disclosure in advertising for or against a ballot measure which is paid for by a committee of the donors to the committee who have made the 3, rather than 2, highest contributions over \$50,000 to 2 other provisions of the Political Reform Act.

(4) Existing law makes a violation of the act subject to administrative, civil, and criminal penalties.

The bill would impose a state-mandated local program by placing these penalties on persons who violate the bill.

(5) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(6) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 84503 of the Government Code is
2 amended to read:

3 84503. (a) ~~Any~~ *An* advertisement for or against ~~any~~ *a* ballot
4 measure shall include a disclosure statement identifying any person
5 whose cumulative contributions are fifty thousand dollars (\$50,000)
6 or more.

7 (b) If there are more than ~~two~~ *three* donors of fifty thousand
8 dollars (\$50,000) or more, the committee is only required to
9 disclose the highest ~~and~~, second highest, *and third highest donors*
10 in that order. In the event that more than ~~two~~ *three* donors meet
11 this disclosure threshold at identical contribution levels, the highest
12 ~~and~~, second highest, *and third highest donors* shall be selected
13 according to chronological sequence.

14 SEC. 2. Section 84504 of the Government Code is amended
15 to read:

16 84504. (a) ~~Any~~ *A* committee that supports or opposes one or
17 more ballot measures shall name and identify itself using a name
18 or phrase that clearly identifies the economic or other special
19 interest of its major donors of fifty thousand dollars (\$50,000) or
20 more, *listing each economic or other special interest in descending*
21 *order based on the amount of the contributions made by the*

1 *respective donors to the committee*, in any reference to the
2 committee required by law, including, but not limited, to, its
3 statement of organization filed pursuant to Section 84101.

4 (b) If the major donors of fifty thousand dollars (\$50,000) or
5 more share a common employer, the identity of the employer shall
6 also be disclosed.

7 (c) ~~Any~~ A committee ~~which~~ that supports or opposes a ballot
8 measure, shall print or broadcast its name *and identification* as
9 ~~provided in this section required by subdivision (a) and the names~~
10 *of the three donors who made the highest cumulative contributions*
11 *of fifty thousand dollars (\$50,000) or more to the committee as*
12 *part of any advertisement or other paid public statement. If any of*
13 *those donors is a committee other than a candidate-controlled*
14 *committee, the donor committee shall be identified by the names*
15 *of the three donors who made the highest cumulative contributions*
16 *of fifty thousand dollars (\$50,000) or more to the donor committee.*

17 (d) If candidates or their controlled committees, as a group or
18 individually, meet the contribution thresholds for a person, they
19 shall be identified by the controlling candidate's name.

20 SEC. 3. Section 84506 of the Government Code is amended
21 to read:

22 84506. (a) A broadcast or mass mailing advertisement
23 supporting or opposing a candidate or ballot measure, that is paid
24 for by an independent expenditure, shall include a disclosure
25 statement that identifies ~~both~~ *all* of the following:

26 (1) The name of the committee making the independent
27 expenditure.

28 (2) The names of the persons from whom the committee making
29 the independent expenditure has received its ~~two~~ *three* highest
30 cumulative contributions of fifty thousand dollars (\$50,000) or
31 more during the 12-month period prior to the expenditure. *If any*
32 *of those persons is a committee other than a candidate-controlled*
33 *committee, the person shall be identified by the names of the three*
34 *donors who made the highest cumulative contributions of fifty*
35 *thousand dollars (\$50,000) or more to that person. If the committee*
36 *can show, on the basis that contributions are spent in the order*
37 *they are received, that contributions received from the* ~~two~~ *three*
38 *donors who made the highest contributors cumulative contributions*
39 *of fifty thousand dollars (\$50,000) or more to the committee have*
40 *been used for expenditures unrelated to the candidate or ballot*

1 measure featured in the communication, the committee shall
2 disclose the contributors making the next largest cumulative
3 contributions of fifty thousand dollars (\$50,000) or more.

4 (3) *A statement or phrase that clearly identifies the economic*
5 *or other special interest of the major donors of fifty thousand*
6 *dollars (\$50,000) or more, listing each economic or other special*
7 *interest in descending order based on the amount of the*
8 *contributions made by the respective donor to the committee.*

9 (b) If an acronym is used to identify any committee names
10 required by this section, the names of any sponsoring organization
11 of the committee shall be printed on print advertisements or spoken
12 in broadcast advertisements.

13 SEC. 4. Section 84508 of the Government Code is amended
14 to read:

15 84508. If disclosure of ~~two~~ *three* major donors is required by
16 Sections 84503 and 84506, the committee shall be required to
17 disclose, in addition to the committee name, only its highest major
18 contributor in any advertisement—~~which~~ *that is either of the*
19 *following*:

20 (a) An electronic broadcast of 15 seconds or less, ~~or~~.

21 (b) A newspaper, magazine, or other public print media
22 advertisement—~~which~~ *that* is 20 square inches or less.

23 SEC. 5. No reimbursement is required by this act pursuant to
24 Section 6 of Article XIII B of the California Constitution because
25 the only costs that may be incurred by a local agency or school
26 district will be incurred because this act creates a new crime or
27 infraction, eliminates a crime or infraction, or changes the penalty
28 for a crime or infraction, within the meaning of Section 17556 of
29 the Government Code, or changes the definition of a crime within
30 the meaning of Section 6 of Article XIII B of the California
31 Constitution.

32 SEC. 6. The Legislature finds and declares that this bill furthers
33 the purposes of the Political Reform Act of 1974 within the
34 meaning of subdivision (a) of Section 81012 of the Government
35 Code.